



July 11, 2024

To: Kevin Carman, Provost & Executive Vice President, Co-Chair  
Alex Kean, Vice President for Budget & Finance, Co-Chair  
Jim Ahern, Vice Provost for Graduate Education  
Scott Beaulier, Dean, College of Business  
Sam Brodie, Associate Athletic Director, Budget & Finance  
Adam Comeau, Staff Senate President  
Parag Chitnis, Vice President for Research & Economic Development (or designee)  
Ray Fertig, Faculty Senate Chair  
Matt Griswold, Vice Provost for Online and Continuing Education  
John Koprowski, Dean, Haub School of Environment & Natural Resources  
Kelsey Kyne, Chief of Staff to the President  
Bill Mai, Vice President for Campus Operations  
Kameron Murfitt, ASUW President

From: Ed Seidel, President

Re: Budget Model Working Group

From enrollment to research and economic development to employee and student success and beyond, the budget model of any university has broad impacts on its operations and ability to reach its goals. The increasingly complex landscape of higher education and the changing needs and demographics of the students that we serve requires any institution to be able to respond effectively and efficiently to change. UW's current, incremental budget model by design is not naturally responsive to input changes including budget cuts, reorganizations, and increasing/decreasing enrollments. To be more responsive and be positioned to grow the university both in terms of overall enrollment and demands on colleges and other units, we must have a budget model that allows us to be more responsive to change. Colleges should be incentivized to increase enrollment and raise additional external funds (e.g., from research agencies). Many universities have budget models that have built-in mechanisms to incentivize and invest for growth. For example, if student enrollment is growing in a program, it may need additional resources for faculty and staff. As federal agencies shift, grow, or shrink funding to areas that are more in demand, (e.g., as recommended by national academy reports), colleges and units should be able to respond. Changing the budget model of the university to be more dynamic will impact every unit and employee on campus, thus I am forming this working group to develop a prototype budget model based on fiscal years 2022, 2023 and 2024 actual expenditures as the baseline. Specifically, I ask that the working group to:

1. Establish guiding principles that include the following considerations:
  - The first responsibility is to focus on the financial stability of the entire university, rather than any individual unit. Collaboration should be emphasized over competition.

- The model will be predictable and create accountability for executives charged with the management of resources.
- Simplicity is preferred over complexity.
- The model must be able to respond to budget reductions whether they be from reduced state appropriations or decreased operating revenue.
- Some units will not be self-supporting but are critical to the university's mission.
- The model will be guided by input from the President's Cabinet and Academic Affairs Deans and Directors.

2. The working group will discuss and review revenue elements and identify allocation weights to be used in the prototype model and adjust the model to best reflect its guiding principles and create a workable first draft.

<b>Model Element</b>	<b>Allocation Basis</b>
Undergraduate tuition	Determine allocation to college of record and college of instruction
Graduate tuition	Determine allocation to college of record and college of instruction
Financial Aid	Institutional Financial Aid: assign based on college of record
Fees	Recognize / assign 100% of program and course fees to units where they originate
Indirect Cost Recovery	Review current UW Regulation
State Appropriations	To be determined by working group

3. The working group will discuss and review cost pools and identify potential allocation metrics for each of the following.

<b>Cost Pool</b>	<b>Allocation Metric</b>
Academic Support	Student Credit Hours
Administrative Support	Direct Expenditures
Human Resources	Faculty & Staff FTE
Facilities	Net Assignable Square Feet (NASQFT)
Information Technology	Total Headcount
Libraries	Faculty & Student Headcount
Public Safety	Total Headcount
Research	Grants & Contracts Indirect Cost Revenue
Student Services	Student Head Count
Utilities	NASQFT

4. The steering committee will discuss and review a participation fee based on revenue allocations to be used to subsidize units that do not generate enough revenue to cover expenses. You may consider 15% as a starting point.
5. Collaborate with the newly formed Strategic Enrollment Management working group, co-chaired by Vice Provost Kyle Moore and Associate Vice President Nycole Courtney. I recognize the interconnected nature of these working groups and ask that they ensure their decisions and recommendations are aligned to create a campus environment that promotes enrollment growth.

My office will schedule a kick-off meeting so that I can further articulate my expectations for this group and answer your questions. I have asked Provost & Executive Vice President Carman and Vice President Kean to co-chair this working group, and they will also be in touch with additional information. I ask that they submit an interim report to me by December 2024 and a final report in March 2025.

I appreciate in advance your assistance, collaboration, and input on this important topic.

Cc: President's Cabinet